

Message Text

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TO AMEMBASSY LONDON

C O N F I D E N T I A L STATE 284592

FOL TEL SENT ACTION SECSTATE FROM ANKARA DTD 16 NOV 1976 QTE

C O N F I D E N T I A L ANKARA 8725

FOR NEA/PA AND IO/OIC

E.O. 11652: GDS

TAGS: CENTO, AORG, ABUD

SUBJECT: CHANGE OF CURRENCY UNIT OF CENTO SECRETARIAT AND
CMPS BUDGET TO US DOLLARS

1. THE CENTO SECRETARIAT HAS REQUESTED THE BUDGET
AND ADMINISTRATION COMMITTEE (BAC) TO RECOMMEND TO THE
COUNCIL OF DEPUTIES THAT THE UNIT OF CURRENCY OF THE
CENTO SECRETARIAT AND CMPS BE CHANGED FROM THE POUND
STERLING TO THE US DOLLAR.

2. THE FOLLOWING IS THE TEXT OF THE CENTO
COMMUNICATIONS:

BEGIN QUOTE

THE SECRETARIAT REQUEST THE BUDGET AND ADMINISTRATION
COMMITTEE TO APPROVE THE CHANGE OF THE UNIT OF CURRENCY
OF THE CENTO SECRETARIAT AND CMPS FROM THE POUND
STERLING TO THE US DOLLAR. THE POUND STERLING CONTINUES
TO DECREASE AGAINST OTHER CENTO CURRENCIES RESULTING
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IN LOSSES TO THE CENTO. AS NO SUPPLEMENTAL BUDGETS

CAN BE SUBMITTED TO OBTAIN ADDITIONAL FUNDS , THE SECRETARIAT AND CMPS THEREFORE REQUEST FOR A CHANGE IN THE CENTO UNIT OF CURRENCY.

THIS REQUEST ARISES FROM VARIOUS DEVALUATIONS OF THE POUND STERLING SINCE JUNE 21, 1975 THROUGH OCTOBER 27, 1976. LOSSES RESULTING FROM THE 3 DEVALUATIONS THAT OCCURRED IN THE 1975-76 BUDGET YEAR WERE ABSORBED BY THE SECRETARIAT AND CMPS, EXCEPT FOR LOSSES IN SALARIES AND ALLOWANCES FOR WHICH REQUESTS FOR ADDITIONAL EXCHANGE COMPENSATION FUNDS WERE SUBMITTED TO THE BAC. THE CENTO FINDS ITSELF UNABLE TO ABSORB THE TWO DEVALUATIONS THAT HAVE OCCURRED SINCE THE SUBMISSION OF THE 1976-77 BUDGET AND THEREFORE REQUESTS THAT THE NEW BUDGET TOTAL BE EXPRESSED IN US DOLLARS.

THE BAC'S APPROVAL OF THIS CHANGE WILL NOT AFFECT THE PRESENT DOLLAR-LIRA DISTRIBUTION FOR THE PAYMENT OF SALARIES AND ALLOWANCES. THE TURKISH EMPLOYEES WOULD CONTINUE TO RECEIVE THEIR SALARIES AND ALLOWANCES IN TURKISH LIRA AND NON-TURKISH EMPLOYEES IN ANY OF THE FIVE CURRENCIES OF THE FIVE MEMBER COUNTRIES AS REQUESTED AND CALCULATED UPON THE CURRENT EXCHANGE RATE OF THE DOLLAR. A FUTURE CHANGE IN THE PRESENT DOLLAR-LIRA RATE ADVERSELY AFFECTING THE SALARIES AND ALLOWANCES WOULD BE SUBMITTED TO THE BAC FOR REMEDIAL ACTION. THE CENTO WOULD WILLINGLY EXAMINE ANY SUGGESTION THAT THE BAC MAY WISH TO OFFER IN THIS REGARD. END QUOTE.

3. THE GOVERNMENT OF IRAN HAS APPROVED THE FOREGOING REQUEST. THE DELEGATE OF THE GOVERNMENT OF PAKISTAN EXPRESSED HIS AGREEMENT IN PRINCIPLE (AD REFERENDUM). THE DELEGATE OF THE GOVERNMENT OF TURKEY HAS STATED THAT HIS GOVERNMENT WOULD GO ALONG WITH THE CONSENSUS. UNITED KINGDOM APPROVAL IS PENDING.

4. IMPLEMENTATION OF THE CENTO REQUEST WILL MINIMIZE PAST PRACTICE OF REQUESTING PERIODIC ADJUSTMENTS IN
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CENTO FINANCIAL OPERATIONS DUE TO CURRENCY FLUCTUATIONS. WE WOULD APPRECIATE DEPARTMENT'S CONCURRENCE. MACOMBER UNQTE
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